

ACTIONS**ASSEMBLY BUDGET SUBCOMMITTEE No. 3****RESOURCES AND TRANSPORTATION****Assemblymember Richard S. Gordon, Chair****MONDAY, FEBRUARY 7TH, 2011****STATE CAPITOL, ROOM 444****1 P.M.**

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3790 – DEPARTMENT OF PARKS AND RECREATION

The mission of the California Department of Parks and Recreation is to provide for the health, inspiration, and education of the people of California by helping to preserve the state's extraordinary biological diversity, protecting its most valued natural, cultural and historical resources, and creating opportunities for high-quality outdoor recreation for current and future generations to enjoy.

As shown in the Charts below, the Budget for the Department is decreasing by roughly \$194 million while positions remain largely unchanged. This is primarily as a result of the spending down of available bond funds.

Expenditures by Program

Code	Program	Actual 2009-10*	Estimated 2010-11*	Proposed 2011-12*
10	Support of the Department of Parks and Recreation	\$354,600	\$468,748	\$415,540
80	Local Assistance Grants	52,028	408,190	266,824
Total Expenditures (All Programs)		\$406,628	\$876,938	\$682,364

Positions by Program

Code	Program	Actual 2009-10	Estimated 2010-11	Proposed 2011-12
10	Support of the Department of Parks and Recreation	3,094.6	3,264.5	3,267.3
80	Local Assistance Grants	-	-	-
Total Personnel Years (All Programs)		3,094.6	3,264.5	3,267.3

Expenditures by Fund

Fund Code	Fund	Actual 2009-10*	Estimated 2010-11*	Proposed 2011-12*
0001	General Fund	\$120,720	\$121,170	\$118,966
0005	Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund	15,108	21,797	4,085
0140	California Environmental License Plate Fund	2,875	3,157	3,131
0235	Public Resources Account, Cigarette and Tobacco Products Surtax Fund	7,818	10,980	9,024
0262	Habitat Conservation Fund	3,493	7,876	4,289
0263	Off-Highway Vehicle Trust Fund	75,240	112,300	94,267
0392	State Parks and Recreation Fund	118,080	122,049	136,203
0449	Winter Recreation Fund	297	371	369
0516	Harbors and Watercraft Revolving Fund	1,166	1,761	2,101
0786	California Wildlife, Coastal and Park Land Conservation Fund of 1988	-	11	-
0858	Recreational Trails Fund	6,450	23,613	8,726
0890	Federal Trust Fund	9,524	22,183	16,672
0995	Reimbursements	19,217	38,531	33,182
3077	California Main Street Program Fund	-	175	175

3117	Alternative and Renewable Fuel and Vehicle Technology Fund	1,206	-	-
6029	California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund	2,550	27,688	38,136
6031	Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002	222	445	371
6051	Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006	22,611	362,607	212,545
6052	Disaster Preparedness and Flood Prevention Bond Fund of 2006	51	214	122
8017	California Missions Foundation Fund	-	10	-
Total Expenditures (All Funds)		\$406,628	\$876,938	\$682,364

ISSUE 1: PROPOSED BUDGET REDUCTIONS

Governor's Budget: The Governor's Budget is proposing to reduce the Department's budget by \$11 million 2011-12 and \$22 million ongoing. It is expected that this cut will result in the closure, or partial closure of various parks – the amount is unknown at this time. The Department is currently working with stakeholders and local communities to explore partnership opportunities.

Staff Comments: At the time of preparing this agenda, details on the Department's closure plan were not available. If these details continue to be unavailable at the hearing, the Department should be prepared to discuss the general approach and methodologies that they are taking when preparing this plan.

Staff Recommendation: Hold open.

ISSUE 2: EMPIRE MINE EROSION AND STORM WATER MEASURES

Governor's Budget: The Department is requesting a one year appropriation of \$11.595 million (\$7.4 million in State Park Recreation Fund, \$2.7 million in Proposition 84, and \$1.5 million in General Fund) and 8 permanent positions for the continued evaluation, analysis and implementation of remediation alternatives required at Empire Mine State Historic Park.

Background: Empire Mine SHP is the site of one of the oldest, largest, deepest, longest, and richest gold mines in California. Closed in 1956, the mining operations left the land contaminated with various dangerous chemicals, including arsenic, cyanide, mercury, thallium, manganese, and iron. In order to create a park, the state purchased the mine property from Newmont Mining Corporation in 1974 and assumed all rights and responsibility to the title, interest and responsibility for the free flowing of water from the Magenta Drain tunnel running beneath. The park consists of 856 acres containing many of the mine's buildings and the entrance to 367 miles of abandoned and flooded mine shafts.

As the owner of the Empire Mine lands, Parks was sued for alleged violations of the Federal Clean Water Act. The lawsuit was settled on January 13, 2006, through a consent decree in federal court. The consent decree requires Parks to immediately implement corrective measures to mitigate the impacts from toxic soils and contaminated surface water discharges to the local watershed. The project is also under order by the Department of Toxic Substances Control (DTSC) and the Central Valley Regional Water Quality Board.

Beginning in FY 2005-06, the state began providing funding to determine the presence of contaminants at the mine, and each year since has funded corrective measures. For the current FY, Parks was provided \$4.5 million to continue remediation efforts.

Staff Comments: Staff has no issues with this proposal. The Department is under order of the courts and the Department of Toxic Substances to remediate the site. To meet the court order, the Department entered into a mediation with the prior owner, Newman Mining Company, and discussion has now reached a point where Newmont seems willing to consider offering a lump sum settlement leaving the completion of the remediation work to the Department. In order to determine an accurate amount necessary to complete the remediation, the Department needs to conduct testing and analysis to develop a complete remediation action plan for which a final cost can be allocated.

Staff Recommendation: Approve as budgeted.

ISSUE 3: VEHICLE FLEET EMISSIONS RETROFIT

Governor's Budget: The Department is requesting a one year appropriation of \$1.8 million from the State Park and Recreation Fund to continue addressing the air quality standards on older diesel vehicles as set forth by the California Air Resources Board's On and Off Road Diesel Regulations.

Currently the Department has 22 vehicles, shown below, that need to be brought into compliance. Because of their age, the Department is proposing to replace, rather than retrofit, these vehicles.

Number of Vehicles	Engine Model Years
9	1960-1987
3	1988-2002
10	2003-2006

Staff Comments: While funding for this proposal can be used for general parks operations, staff recognizes that this proposal is appropriate to meet the requirements of the regulations. However, the Subcommittee may want to defer action without prejudice consistent with actions in other Departments on diesel regulatory compliance regulations.

Staff Recommendation: Deny without prejudice.

ISSUE 4: PROPOSITION 12 RELATED PROPOSALS

Governor's Budget: The Department is requesting two proposals funded from Proposition 12:

Cultural Stewardship Program: \$617,000 for critical projects to preserve and restore cultural resources in the State Park System. Grants from this program must be consistent with the Proposition and provide, "archaeological site stabilization or emergency excavation due to problems resulting from erosion, vandalism, or catastrophic impacts." This represents the balance of funding allocated for cultural stewardship from Proposition 12.

Natural Heritage Stewardship Program: \$21,000 for Natural Heritage Stewardship Grants for projects that restore and protect the natural features of the State Park System. These funds represent amounts previously reverted that are still earmarked for stewardship projects at California State Parks.

Staff Comments: Staff doesn't have any concerns with these proposals. These funds would be used for competitive grants in ongoing programs within the guidelines of the Bond. Additionally, these appropriations represent the final remaining funds from Proposition 12 and are available because prior projects either did not expend all of their funds or were not pursued.

Staff Recommendation: Approve as budgeted.

ISSUE 5: REAPPROPRIATIONS

Governor's Budget: The Department is requesting a reappropriation for all funds appropriated from Proposition 84 for deferred maintenance in 2007-08 and 2008-09. The Department states that this reappropriation is needed because projects funded by these appropriations were delayed by the Bond Freeze and will not be completed before the appropriations expire. The Department estimates that it has over \$1 billion in deferred maintenance need. Proposition 84 authorized \$100 million to be used by the Department to address some of these needs. Deferred maintenance type projects can range from repainting buildings to fixing leaking roofs.

Additional Reappropriations: Staff has been made aware by local governments that the following extensions of liquidation, reappropriations or appropriations anew are also needed:

- El Monte, Gibson neighborhood park -- \$600,000
- County of Inyo, Tecopa Hot Springs Park -- \$1,040,245
- City of Encinitas, Leucadia State Beach -- \$5,241,562 (2 separate requests)
- City of Encinitas, Recreational Grants -- \$426,471
- Boys and Girls Club of Hollywood -- \$2,153,000
- County of Sacramento, Recreational Grants -- \$671,396
- Rio Linda/Elverta RPD, Recreational Grants -- \$168,858
- Lassen County, Recreational Grants -- \$692,099
- Sutter County, Recreational Grants -- \$58,837
- City of San Jose, Per Capita Grants -- \$29,526
- City of San Jose, Roberti-Z'berg Harris Grants -- \$2,391,777
- Sierra County, Per Capita Grants -- \$817,000
- Los Angeles, Recreational Grants -- \$1,563,000
- Los Angeles, Local Projects -- \$2,365,000
- Los Angeles, Roberti-Z'berg Harris -- \$203,245
- Modoc County, Historical Courthouse Renovation -- \$559,707
- Modoc County, Canby Park -- \$99,000
- Modoc County, Adin Park -- \$173,250
- Amador County, Per Capita Grants -- \$628,866

Staff Comments: Staff has no concerns with the proposed reappropriations, extensions of liquidation, or appropriations anew. Due to the Bond Freeze, many projects experienced delays due to financing and/or construction times. By allowing these extensions, projects that are currently in process will be allowed to continue.

Staff Recommendation: Approve all listed reappropriations as budgeted.

ISSUE 6: OFF HIGHWAY VEHICLE RELATED PROPOSALS

Governor's Budget: The Department is requesting the following three proposals related to Off Highway Vehicles (OHV):

1. **Off-Highway Motor Vehicle Recreation (OHMRV) Storm Water Compliance:** \$2.0 million (\$1.8 million one-time and \$200,000 ongoing) from the OHV Trust Fund to fund compliance efforts for storm water pollution management, planning and compliance.

This proposal will develop systematic storm water management program guidelines, a statewide level storm water management plan, storm water training for management and staff, and individual storm water management plans for each State Vehicular Recreation Area (SVRA).

2. **OHMVR—General Plans:** \$7.4 million (OHV Trust Fund) in 2011-12 and \$1.75 in 2012-13 for consulting contracts to initiate and/or update general plans and Environmental Impact Reports for State Vehicular Recreation Areas and OHV park areas.

3. **OHMVR—Land Surveys and Acquisition Feasibility Studies:** \$1.2 million (OHV Trust Fund) to initiate and complete land surveys for State Vehicular Recreation Areas.

Funding for these surveys allows the Department to identify potential conflicts between SVRAs and neighboring communities and helps resolve discrepancies over land ownership and mineral and geothermal leasing rights on SVRA lands.

Background: The OHMVR Division of the Department is funded from gas tax revenues collected from fuel that is used in off-road vehicles for off road recreation. These funds can only be used for the benefit of off road recreation.

Staff Comments: Staff doesn't have any issues with these proposals. These funds can only be used for the benefit of off-road recreation and their proposed uses are consistent with efforts to reduce the impacts of SVRAs on the landscape and on neighboring communities.

Staff Recommendation: Approve as budgeted.

ISSUE 7: INCREASE PUBLIC RESOURCE ACCOUNT, CIGARETTE AND TOBACCO SURTAX FUND - PROPOSITION 99

Governor's Budget: The Department is requesting an increase of \$1.13 million in the Public Resources Account (PRA) Cigarette and Tobacco Products Surtax Fund. This increase will support statewide Resource Management Program activities that were previously supported by the State Parks and Recreation Fund (SPRF)-- which receives revenues generated by State.

Background: Parks' Proposition 99 funding supports statewide Resource Management Programs. From 2008-09 and 2009-10, Parks Proposition 99 funding was reduced by \$2.6 million. As a result of these reductions, other resources including State Parks and Recreation funds were used to support the Resource Management Program. In the 2010-11 budget year, there is a need to shift back to the use of Proposition 99 funds for this program so that park revenues can be dedicated to core activities.

Staff Comments: Staff has no concerns with this proposal as the increased appropriation of Proposition 99 funds will allow the Department to continue funding from SPRF for core Parks operations.

ISSUE 8: LOCAL ASSISTANCE RELATED PROPOSALS

Governor's Budget: The Department is requesting the following proposals related to their local assistance programs:

- 1. Local Assistance Program:** The Department is requesting \$233.4 million for the local Assistance Programs from special, bond, and federal funds for grants to various agencies as follows:
 - a. Habitat Conservation Fund - \$4.3 million:** Provides funding for grants for projects that are within the requirements of the Wildlife Protection Act of 1990;
 - b. Off-Highway Vehicle Trust Fund - \$27.1 million:** Provide OHV gas tax funds for acquisition, development, planning, operation, maintenance, resource management, and restoration grants for off road vehicle areas;
 - c. Recreational Trails Fund -- \$8.7 million:** Provides Federal funds for the Development of non-motorized trails;
 - d. Federal Trust Fund -- \$9.3 million:** Provides Federal funds for statewide planning, and acquiring/developing outdoor recreation areas and facilities; and,
 - e. Proposition 84 -- \$184 million:** Provides funding for competitive grants for local and regional parks.
- 2. Reversion/Appropriations Anew Language for Proposition 40:** The Department is requesting various technical reversions and appropriations anew to allow existing Proposition 40 projects to continue.
- 3. Reversion Language for Habitat Conservation Fund:** The Department is proposing to revert a portion of unencumbered balances in the Habitat Conservation fund appropriations for Fiscal years 2007-08 and 2008-09 that are no longer available for encumbrance or allocation. This proposal will allow the Department to use these funds for future local assistance expenditures.

Staff Comments: Staff has no issues with these three proposals. They generally make technical changes necessary to keep existing projects moving, allow for the Department to use existing funding for new projects or, appropriate Federal, special or bond funds for their required purposes.

Staff Recommendation: Approve as budgeted.

ISSUE 9: CAPITAL OUTLAY

Governor's Budget: The Department is requesting a total of \$23.4 million in non-general funds for the following parks related capital outlay projects:

1. **Statewide Budget Development.** The Governor requests \$150,000 (Proposition 84) to fund initial capital outlay project development phases.
2. **Donner Memorial State Park—Enhance Museum Exhibits.** The Governor requests \$169,000 (Proposition 84) to build an enhanced interpretive exhibit at Donner Memorial State Park.
3. **Statewide Opportunity to Purchase Pre-Budget Schematics.** The Governor requests \$250,000 (OHV Trust Fund) for purchase of property, appraisals, and capital outlay project development costs near current State Vehicular Areas.
4. **Heber Dunes SVRA Initial Development.** The Governor requests \$5.3 million (OHV Trust Fund) for initial phase for administration, maintenance and recreational facilities.
5. **Carnegie State Vehicular Recreation Area Road Construction.** The Governor requests \$6.6 million (OHV Trust Fund) to reconstruct and rehabilitate unpaved roads to meet current law requirements.
6. **Hollister Hills Vehicular Recreation Area Infrastructure and Rehabilitation.** The Governor requests \$416,000 (OHV Trust Fund) to rehabilitate campgrounds including installation of water and electrical system upgrades.
7. **State Park System Minor Capital Outlay Program.** The Governor requests \$508,000 (Proposition 12) for minor rehabilitation of parks including rehabilitation of the Emerald Bay State Park Eagle Point campground.
8. **Statewide Recreation Trails (Minor).** The Governor requests \$380,000 (Proposition 84) to improve trails within various units of the State Park System.
9. **Volunteer Enhancement Program—Minor Projects.** The Governor requests \$638,000 (Proposition 84) for rehabilitation and construction of various volunteer facilities including volunteer host sites within the State Park System.
10. **OHV Minor Capital Outlay Program.** The Governor requests \$9 million (OHV Trust Fund) to fund sixteen minor capital outlay projects at various State Vehicular Recreation Areas. These projects are for enhancements and improvements and include park operations, public access, energy efficiency and restoration (among others).

Staff Comments: Staff has no issues with these proposals. The proposals are consistent with the requirements of their funding sources and staff recommends that they be approved.

However, in light of the proposed closure plan, the Subcommittee may want to revisit this issue and amend their action if any of the projects on this list are from parks that will be closed.

Staff Recommendation: Approve as budgeted.